Civic Centre
165 Sir Donald Bradman Drive
Hilton, SA 5033
Tel 08 8416 6333
Fax 08 8443 5709
Email csu@wtcc.sa.gov.au
Website www.wtcc.sa.gov.au

City of West Torrens
Between the City and the Sea

21 March 2011

Caring for Older Australians
Productivity Commission
GPO Box 1428
Canberra City
ACT 2601

Dear Commissioners

Comments on the Productivity Commission's Draft Report

Thank you for the opportunity to respond to your draft report and congratulations on the amount and quality of the work conducted to date.

By way of some background information on the City of West Torrens, we are a midsized local authority in metropolitan Adelaide, ideally placed between the City and the sea. We have a very diverse population of some 55,000 and a higher than average number of residents aged 65 plus.

Council operates a 115 bed residential aged care facility (St Martins), coordinates 30 CACPs and provides a range of HACC services, which have been extended recently by Council's financial support.

Our comments, which follow, are restricted to the Overview and Recommendations, this is not to suggest disinterest or indifference to the detailed body of work presented, merely a device to focus our feedback.

General Observations

Pp XXII

- The Commission describes the Commonwealth's population based formula for the funding of community and residential care places as being a *needs based* planning ratio.

  It is not.

  It is an *administrative ratio*, based on an assumption that only 11.3% of the population aged 70 years plus, requires the support provided by the programs, and that the 'ratio' is consistent across all parts of Australia.

  The ratio is designed to limit the amount of spending, not to address identified needs.

- Government expenditure of aged care is reported, but what did individuals and/or their families contribute to their care and what did 'providers' contribute? i.e. the spend on services far exceeds that funded by Government.

Pp XXIII

- Workforce shortages are reported to be due 'in part' to low wages etc, a more accurate statement in our experience would be that the shortages are 'due substantially to low wages……..'.

- We agree that the 'industry' is subjected to complex, overlapping and costly regulations, but accept that the people in 'our care' may be especially vulnerable and that funding comes from the taxpaying community, so a certain level of regulation and oversight is required.

- We also agree that the complaints handling process has a way to go, beyond that signalled in the recently produced Draft Management Framework.

Pp XXIV

- 'Many older Australians have substantial wealth..' - would seem to be an overstatement of the numbers…….

- While the expectations of the ageing population may be changing towards a desire for independent living and cultural care, do they have the capacity (health, fitness, mobility, money etc) to live out those desires?

- While new technologies may hold out some hopes for the future, the current, short term and intermediate requirements are for higher levels of hands on support and care, regardless of the delivery environment.

Pp XXV

- The aims of the Government and the Commissions guide for future policy change in the aged care system are both laudable and supported, but there will be limitations on those aspirations based on the usual suspects (demands by numbers, money, location, acuteness and severity of need, distribution of services etc.).

  i.e. the limitations should be acknowledged.

Pp XXVII

- The Australian Seniors Gateway is supported

Pp XXIX

- Figure 3 - while the building block approach and the 'blocks' themselves are supported, we suggest that an alternative graphic might better emphasise the 'building' aspect (bottom up), tied in with the notion of the least restrictive environment if you will, and that Carer Support (just like CALD, Indigenous, rural and remote needs) should be ongoing, regardless of where the individual receiving care might be in the 'system'.

  For example

Pp XXX

It is disappointing that the Commission feels that collateral damage to the viability of Providers is acceptable. Had the statement been qualified by reference to a poor accreditation history, then fair enough, but there are many facilities which barely survive financially while providing highly valued services, such facilities are more than deserving of the government's 'protection' during any transition.

A number of other Providers will probably exit the industry, some may be good providers and some may be poor, but the problem will be the rate at which they exit and whether 'market forces' will fill the void (unlikely).

Pp XXXI

The terms 'effective' and 'efficient' feature throughout the document, while ordinarily the subject of little suspicion, paired with 'funding' they become code for cheaper.

If Providers are making money out of residential aged care, while providing quality services, meeting their accreditation obligations and paying fair wages, I would be grateful for their contact details?

Pp XXXIII

It is unfortunate that the language used in reference to the **costs** for basic home support and intensive community care packages, changes to **income** for providers when referring to residential settings?

Many Providers (like the City of West Torrens) are engaged in each form of service, to suggest that we (or others) only earn income from government subsidies or co-contributions in residential settings is inaccurate.

The insistence that community care is *equivalent* to that provided in residential settings, but costs a lot less, is the same failed argument used to move disability and psychiatric services away from 'institutions' (residential settings) and into the community.

Certainly costs are less, but the quantity and quality of services and the environments within which they are provided vary far more considerably than within accredited residential settings.

Combined with an administrative ratio limiting the available budget, future statistics will record many more clients receiving services, but with an implied level of quality that relies almost entirely on the logic that everyone would prefer to stay in their own home i.e. small levels of support will encourage people to stay at home, when appropriate service levels to meet their needs will never be provided in such a setting.

Pp XXXVI

The discussion about lifting supply constraints and expecting provider competition to resolve the 'bed supply' issues makes perfect economic sense. Unfortunately, the strict regulatory environment and poor funding system, which will continue despite allusions elsewhere in the report, will both conspire to prevent such an outcome.

Reports of Providers (both profit and not for profit) to the east and west of SA returning licences or delaying their implementation suggest a rather different outcome.

The matter of providing basic accommodation services (i.e. share rooms) unless people contribute more will merely see a return to the 'old days' of separate classes within aged care.

Like many Providers, Council redeveloped its existing facility (and significantly extended to it) in order to meet the new building standards, we see little reason to go backwards.

Out of 115 beds we have only two share rooms and at least 28% of our residents are *concessional*, so 4 of the 32 must share, 28 have single rooms and the facility will lose subsidies because of the standard of accommodation provided?

Pp XXXIX

It is good that the Commission recognises the disparity of pay for nurses between the aged and acute sectors. Fortunately, facilities do not require nurses to provide the bulk of services in aged care.

While every step that can be taken to reduce/eliminate the pay disparity for nurses, there is no similar and easy comparison to make for the personal carers, kitchen staff, cleaners, maintenance and lifestyle staff, who receive wages not much greater than that guaranteed by minimum wage cases.

If the standard of aged care is to remain as is, never mind, improve across the range of services, appropriate pay for the bulk of the aged care workforce is mandatory.

Employment costs comprise the most significant component of expenditure in the industry, recruiting, training and retaining good staff is of paramount concern to all providers and the quality of staff translates directly to the quality of services, but even minor pay increases will create a significant distortion of expenditure.

If income increases across all sources runs at only 2% or so, how can wages increase beyond that without impacting other areas? The reality is that Providers start crimping hours to manage the budget, and that just leads to a reduction in services and their quality.

Increasing productivity through increasing the skills of carers and managers is supported, but the Commission must recognise that there are both training and increased employment costs involved. Few employees in any other industry would undertake training to obtain new skills to improve the effectiveness of the business, without a similar improvement in their own wages and conditions?

Pp XL

The following comment is especially indicative of the Commission's failure to really understand the issues facing the aged care industry….

> *"Most of the solutions lie with aged care providers who have the principle responsibility for ensuring that they provide an attractive workplace'.*

We aspire to provide an attractive home for our residents and an attractive workplace for our staff, but the operational reality is that Providers must engage in a delicate, shift by shift balancing act so as to provide high standards of quality care within severely limiting financial constraints.

The Commission's Draft Recommendations

Number	Our Comments
4.1	Accept the aims as being aspirational, but several may be incompatible with each other. e.g. choice and control *versus* affordable, or, promote independence *versus* assist informal carers.
6.1	Agreed 'in principle', provided that the cost side of the equation is based on total employment costs.
6.2	Accept that accommodation and daily living expenses are the responsibility of the individual, but when moving into residential care, the overheads involved in a facility are quite disproportionate to a family home. If costs are to be based on the family home, it is difficult to see people choosing more expensive residential care even though it may provide a far safer and more appropriate accommodation environment than their home. Perceived additional costs will weigh far more heavily upon an aged person than their need for personal and/or nursing care. For example, there is ample anecdotal (if not empirical) evidence to indicate that aged persons will not adequately heat/cool their home accommodation due to perceived costs.
6.3	Removing the distinction between the service types will result in an immediate shift to CACPs, as there are few if any start up costs involved for Providers and people in dire need will accept any service available. While the government bottom line will benefit, the medium to long term affect will be to severely limit the already short supply of residential options i.e. a supply side distortion based on costs. A move to increase the administrative ratio for community care packages, in addition to maintaining the 'bed ratio', would provide a more balanced outcome.

Number	Our Comments
	While the proposal to remove the distinction between high and low care seems good in theory, it has not been closely detailed. Does this mean that all RACFs will become ageing in place facilities? The Department has agreed in the last few years that the *ageing in place* model is not financially sustainable.
6.4	The recommendation is supported with respect to setting minimum bond amounts, but flexibility and choice to increase the bond payment in order to obtain access to programs/services that the individual attaches value to (e.g. spiritual, lifestyle, room size and facilities) should be permitted.
6.5	Supported, but not those aspects under 6.7
6.6	Not supported. The pensioner bond conditions could be replicated within the existing bond system managed by Providers, rather than create another administrative arm within government. At worst, allow for both the Government and Providers to offer such a scheme and allow aged persons to choose which best suits their circumstances.
6.7	The concept of regionally varied accommodation 'contributions' is supported, but not based on a two bed room. Too many facilities have moved to single rooms and surely the desired standard should be a single room?
6.8	Supported
6.9	The principles underlying the recommendation are supported, but not the inclusion of the family home when applying the means test. By all means set an administrative upper limit on the value of the home, based on regional variances etc, and include any amount above that value in the *test.*

Number	Our Comments
	Whether the inclusion of the home's value potentially benefits the government or providers is irrelevant, home owners should not be disadvantaged.
6.10	Supported, if the special needs of palliative care are recognised and accommodated i.e. their 'stay' will be relatively short.
6.11	We do not support the ACCR being the body to set the schedule of prices, indexation etc. That responsibility should lie with the funder, the government, and the government (not a statutory body) should accept the good, bad and indifferent feedback that will inevitably arise. Ultimately the government should be accountable for funding aged care; it should not have the capacity to hide (or even stand) behind an independent authority while washing its hands of the consequences 'on the ground'.
7.1	Supported, as an (unenforceable) option for individuals
8.1	Supported.
8.2	Supported, provided the scheduled price of services is indicative of total costs for providers and recognises regional variables. If the recommendation is merely code for improving the perceived metrics of effectiveness and efficiencies, i.e. measuring activity rather than their contribution towards achieving the aims of service outlined in 4.1 then it is not supported.
8.3	Recognition of the costs for providing appropriate palliative care in residential settings is supported, provided the case mix payment is not adjusted down based on the setting. A reduced payment will merely encourage cost and patient shifting, rather than focusing on patient choice based on the most appropriate setting for each individual.

Number	Our Comments
8.4	Supported, but their *assessments* should be made available for public scrutiny.
8.5	Supported
9.1	Supported
9.2	Agree that the costs associated with catering for diversity should be included in the scheduled set of prices, **but not** by the AACRC, by the government. Refer response to draft recommendation 6.11.
9.3	Supported
10.1	Supported
10.2	Supported The planning & building systems in several European countries (e.g. Ireland) require that all new housing (extensions etc) be aged and disability friendly. Such an approach is not beyond Australia and would provide far more tangible and practical benefits than requiring green rating standards…….
10.3	Supported
10.4	Supported
10.5	Supported
11.1	Supported

Number	Our Comments
11.2	Support the need for **fair** and competitive wages to be included when setting prices, but do not support the AACRC being the price setters. Refer response to draft recommendation 6.11.
11.3	Supported, provided the financial impact on Providers (increased wages for increased skills) is also recognised and accommodated within the price setting exercises.
11.4	We support the expansion of teaching about aged care services, but not the partial funding by Providers, other than 'in kind' e.g. attending teaching sessions, taking students on placements etc.
11.5	We support the inclusion of costs for volunteers in the price schedules, but not the AACRC being the price setters. Refer response to draft recommendation 6.11.
12.1	We support all aspects of the draft recommendation, **except** those related to price setting. Refer response to draft recommendation 6.11.
12.2	Supported, provided that step one in any assessment of a complaint is to check the likely veracity of the complaint with the service provider, before launching an investigation. In its recent response to the *Aged Care Complaints Scheme - Proposed Complaints Management Framework,* the City of West Torrens advised that : *"A more appropriate approach (best practice, if you prefer) would be to acknowledge that an equal potential exists for either party to present information in a way that best suits their own perceptions, views and needs at the time, therefore it should be an initial role of the Complaints Investigations Scheme (CIS) to establish (on balance) the facts of each case presented to them, before assessing those facts against the legislative requirements under the Aged Care Act 1997 and making their determination(s)."*

Number	Our Comments
12.3	Supported
12.4	Supported
12.5	Supported
12.6	Supported, provided the electronic submission of data does not require the purchase of specific proprietary software, other than the basic Office (or equivalent) packages.
12.7	Supported.
12.8	Supported
12.9	Supported
13.1	Supported, provided that the requirements upon Providers does not become more onerous.
14.1	Supported

Other comments

1. The report identifies the problem with attracting staffing and encouraging providers to pay competitive wages and conditions, but there is nowhere in the report that identifies how this can be done

2. The report mentions in one sentence only, the inequity in ability or lack thereof to salary sacrifice, but offers no resolutions.

   PBI status should be granted to all not for profit providers, whether state, territory or local government agency or not, salary sacrifice should be made available to all staff by way of increasing compensation, but not in lieu of providing fair and reasonable wages.

3. The overview acknowledges several times that aged care is underfunded. It refers to the Hogan report, the Henry Tax review and various submissions from state and national organisations/bodies.

   However all the recommendations are based on 2-5 year implementation of the reforms for user pays. There is no new money coming quickly into the industry to prop up the ailing system.

4. We would like to see a recommendation for change to the ACFI. The preamble acknowledges the contradiction that accreditation standards require rehab/maintenance of independence yet the ACFI financially rewards dependence, i.e. greater money given for wheelchair transport yet it takes more staff time and input to encourage and support ambulation. Similarly there is no appropriate funding to cover the cost for caring for complex behavioural issues

   There are inequities within the current ACFI, Low care residents pay for continence pads, tissues and additional equipment etc High care do not. Applicants may have a high care ACAT but a low ACFI. Based on the cut off dollar, low ACFI residents pay for these additional items irrespective of their means/income

5. Most of the industry would like to cease the unannounced visits by the Accreditation agency. While there is discussion in the report, there is no recommendation to give effect to this request.

6. The concept of voluntary or mandatory insurance for future aged care needs has had lots of discussion.

   The prevailing views around most forms of insurance seems to be that 'it will never happen to me' e.g. private health insurance, home insurance, flood insurance etc.

Notwithstanding our comments/suggestions above, Council recognises and sincerely thanks the Commissioners and Commission staff for their sterling efforts to date and trusts that your work will translate into tangible benefits for the ageing population and their carers, plus one or two for the service providers.

Should you require any further information, please do not hesitate to contact me on 08 8416 6202.

Yours sincerely

Declan Moore
Deputy Chief Executive Officer
City of West Torrens